

Message Text

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ACTION OPIC-06

INFO OCT-01 AF-08 ISO-00 EB-07 TRSE-00 COME-00 /022 W

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R 080945Z JUL 76

FM AMEMBASSY NAIROBI

TO SECSTATE WASHDC 919

LIMITED OFFICIAL USE NAIROBI 7018

E.O. 11652: N/A

TAGS: EINV, KE

SUBJ: HOLIDAY INN PROJECT -- VISIT OF KTDC OFFICIAL TO OPIC

REF: (A) NAIROBI 6123, (B) NAIROBI 6984

1. W.A. NUTSUNE, DEPUTY GENERAL MANAGER, KENYA TOURIST DEVELOPMENT CORPORATION, VISITED EMB JULY 7 TO DISCUSS HIS PLANS OF TRAVELLING TO U.S. AND CANADA SEEKING OVERSEAS INVESTMENT PARTNERS FOR KTDC PROJECTS. EMBOFF RAISED SUBJECT OF KTDV INVOLVEMENT IN PLANS FOR CONSTRUCTION OF HOLIDAY INN IN NAIROBI. NUTSUNE SAID HE CONSIDERS PROJECT VERY MUCH ALIVE AND WISHES TO DISCUSS STATUS OF LOCAL EQUITY PARTICIPATION WITH OPIC, HE WILL ALSO CONTACT HOLIDAY INNS OFFICIALS MICHAEL ROSE IN MEMPHIS DURING HIS U.S. VISIT.

2. EMBOFF TOLD MUTSUNE WILLIAM LEA HAS GIVEN IMPRESSION THAT INNKEEPERS LTD. PARTNERSHIP HAS BROKEN UP AND HOTEL PROJECT WAS MORIBUND. MUTSUNE REPLIED THIS NOT SO AS FAR AS KENYA PARTICIPANTS - KTDC, CDIL, IAND ADESA (AFRICAN DEVELOPMENT SERVICES, LTD.) - COKERNED. ACCORDING MUTSUNE, KENYANS LOMKING FOR ACCOMMODATION WITH WHAT THEY CONSIDERED RIGIED HI TERMS. MUTSUNE DID NOT ELABORATE ON THIS REMARK BUT EMPHASIZED THAT CORPORATION NOW PREFERS TO DEAL DIRECTLY WITH HI AND OPIC RATHER THAN THROUGH INTERMEDIARY (PRESUMABLY LEA).

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3. DURING CONVERSATION, MUTSUNE SHOWED EMB LETTER FROM

ROSE TO RICHARD MAINA OF KTDC DATED APRIL 27 IN WHICH ROSE STATED HI NO LONGER INTERESTED IN INVESTMENT BUT WOULD CONSIDER ENGAGING IN MANAGEMENT CONTRACT FOR OPERATION OF KTDC-OWNED HOTELS. MUTSUNE TOLD EMBOFF CORPORATION DEFINITELY NOT SEEKING OFFSHORE MANAGERIAL SERVICES OF NOT LINKED WITH EQUITY PARTICIPATION IN KENYAN ENTERPRISE. ON OTHER HAND, ROSE STATED HI EXECUTIVE BOARD WOULD RE-EVALUATE POSSIBILITY OF HI HOLDING EQUITY SHARE IN INNKEEPERS LTD. IF KTDC COULD PRODUCE WRITTEN EVIDENCE OF COHESIVE KENYAN INVESTOR GROUP WITH FINANCIAL RESOURCES TO BEAR SUBSTANTIAL OVERRUNS AND/OR REVERSE CASH FLOWS.

5 MUTSUNE APPEARED UNDAUNTED BY TONE OZSHI CORRESPONDENCE AND OPTIMISTIC THAT EVENTUAL AGREEMENT COULD BE WORKED OUT TO RETAIN OPIC AND HI INTERESTS.

DECONTROL 7/8/77.
MARSHALL

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Message Attributes

Automatic Decaptioning: X
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Control Number: n/a
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Draft Date: 08 JUL 1976
Decaption Date: 01 JAN 1960
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Disposition Approved on Date:
Disposition Authority: RowellE0
Disposition Case Number: n/a
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Margaret P. Grafeld
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